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6 **UNITED STATES DISTRICT COURT**
7 **NORTHERN DISTRICT OF CALIFORNIA**
8 **SAN FRANCISCO DIVISION**
9

10 FACEBOOK, INC.,

11 Plaintiff,

12 v.

13 THOMAS PEDERSEN and RETRO INVENT AS,

14 Defendants.
15
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17

Case Number 10-cv-04673 JSW

**REPORT AND
RECOMMENDATION TO DENY
MOTION FOR DEFAULT
JUDGMENT**

Re: Docket Nos. 36, 46, 47

18 Plaintiff Facebook moves for the entry of default judgment under Federal Rule of Civil
19 Procedure 55(b)(2) against defendants Pedersen and Retro Invent for operating a website in
20 Norway that allegedly dilutes and infringes Facebook's registered marks. Facebook also requests
21 an award of attorneys' fees and costs, a permanent injunction barring defendants from using
22 Facebook's registered marks, and the transfer of defendants' internet domains to Facebook.
23 Because Facebook has failed to show that defendants, both residents of Norway, purposefully
24 directed their conduct at California, the Court recommends that the District Court deny
25 Facebook's motion and that it dismiss this action for lack of personal jurisdiction.

26 **I. BACKGROUND**

27 Plaintiff Facebook provides online networking services to more than 500 million monthly
28 users; these services include allowing users to create profiles, upload photos and videos, and

1 connect with others. Dkt. No. 7, Am. Compl. ¶¶ 9, 22. Facebook owns ten trademark
 2 registrations and has seventeen pending trademark applications in the United States for the
 3 “Facebook” mark. *Id.*, Ex. A, B. Additionally, Facebook owns one trademark registration in the
 4 United States for the “Wall” mark. *Id.*, Ex. D.

5 Defendant Retro Invent is a Norwegian company doing business as www.Faceporn.com
 6 (“Faceporn”), a website featuring pornographic content that allows its users to create profiles,
 7 join groups, upload photos and video, and conduct live chats. *Id.* ¶¶ 4, 20-21. Every page of the
 8 Faceporn website contains the “Faceporn” mark. *Id.* ¶ 20. Defendant Thomas Pedersen, a
 9 resident of Norway, is the principal of Retro Invent. *Id.* ¶ 4.

10 Facebook filed an initial complaint against Pedersen on October 15, 2010, alleging that
 11 Pedersen’s use of the “Faceporn” mark on the Faceporn website dilutes and infringes Facebook’s
 12 registered marks. Dkt. No. 1, Initial Compl. ¶ 1. After Facebook filed the complaint but before
 13 it served Pedersen, Pedersen transferred ownership of the Faceporn.com domain to Retro Invent.
 14 Dkt. No. 36, Facebook’s Mot. at 4. Facebook then amended its complaint to name both Pedersen
 15 and Retro Invent as defendants. *Id.* at 4-5. The amended complaint asserts ten causes of action
 16 against defendants: (1) trademark dilution under 15 U.S.C. § 1125; (2) trademark dilution under
 17 CAL. BUS. & PROF. CODE § 14247; (3) false designation of origin under 15 U.S.C. § 1125; (4)
 18 federal trademark infringement of the “Facebook” mark under 15 U.S.C. § 1114; (5) common
 19 law trademark infringement of the “Facebook” mark; (6) a violation of the Anti-Cybersquatting
 20 Consumer Protection Act, 15 U.S.C. § 1125(D); (7) federal trademark infringement of the
 21 “Wall” mark under 15 U.S.C. § 1114; (8) common law trademark infringement of the “Wall”
 22 mark; (9) common law unfair competition; and (10) unfair competition under CAL. BUS. & PROF.
 23 CODE § 17200.

24 Facebook served Retro Invent with the summons and amended complaint in Norway on
 25 April 4, 2011, in accordance with the Hague Convention on the Service Abroad of Judicial and
 26 Extrajudicial Documents. Facebook’s Mot. at 2; Norberg Decl., Ex. D. Facebook also served
 27 Pedersen with the summons and amended complaint in Norway in accordance with the Hague
 28 Convention on April 29, 2011. *Id.* Defendants have not responded to the complaint. The clerk

1 entered default as to Retro Invent on May 26, 2011, and as to Pedersen on June 1, 2011. Dkt.
2 Nos. 23, 28, Clerk's Entry of Default.

3 Facebook now moves for the entry of default judgment against defendants, an award of
4 \$80,067.42 in attorneys' fees and \$13,294.49 in litigation costs, a permanent injunction barring
5 defendants from using Facebook's registered "Facebook" and "Wall" marks, and the transfer of
6 www.faceporn.com, www.faceporn.net, and www.faceporn.org to Facebook. *Id.* at 1-2, 22.
7 Facebook served notice of its motion for default judgement on defendants. *Id.* at 2.

8 The Court ordered Facebook to show cause why it should not recommend to the District
9 Court that this action be dismissed for lack of personal jurisdiction. Dkt. No. 46, Order to Show
10 Cause ("OSC"). In its response to the order to show cause, Facebook argues that the exercise of
11 personal jurisdiction over defendants is proper because defendants "specifically targeted a forum
12 resident for competition." Dkt. No. 47, Facebook's Resp. to OSC at 1.

13 II. LEGAL STANDARD

14 "[D]efault judgments are generally disfavored. Whenever it is reasonably possible, cases
15 should be decided upon their merits." *Pena v. Seguros La Comercial, S.A.*, 770 F.2d 811, 814
16 (9th Cir. 1985). After the clerk enters a defendant's default, a court must take "the well-pleaded
17 factual allegations" in the complaint "as true." *DIRECTV, Inc. v. Hoa Huynh*, 503 F.3d 847, 854
18 (9th Cir. 2007). However, the "defendant is not held to admit facts that are not well-pleaded or
19 to admit conclusions of law." *Id.*

20 In determining whether to enter a default judgment, a court "may dismiss an action *sua*
21 *sponte* for lack of personal jurisdiction," because a "judgment entered without personal
22 jurisdiction over the parties is void." *In re Tuli*, 172 F.3d 707, 712 (9th Cir. 1999) (citations
23 omitted). A court, however, must provide to a plaintiff the opportunity to assert facts to establish
24 that the exercise of personal jurisdiction over a nonresident defendant is proper before dismissing
25 an action for lack of personal jurisdiction. *Id.*

26 III. DISCUSSION

27 In determining whether the exercise of personal jurisdiction over a nonresident defendant
28 is proper, a district court must apply the law of the state in which it sits when there is no

applicable federal statute governing personal jurisdiction. *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1320 (9th Cir. 1998). District courts in California may exercise personal jurisdiction over a nonresident defendant to the extent permitted by the Due Process Clause of the Constitution. CAL. CODE CIV. P. § 410.10. The Due Process Clause requires that the defendant have “certain minimum contacts” with the forum “such that the maintenance of the suit does not offend traditional notions of fair play and substantial justice.” *Int'l Shoe Co. v. State of Washington*, 326 U.S. 310, 316 (1945) (citations and internal quotation marks omitted). The party seeking to invoke jurisdiction has the burden of establishing that jurisdiction exists. *Flynt Distrib. Co. v. Harvey*, 734 F.2d 1389, 1392 (9th Cir. 1984). Personal jurisdiction may be founded on either general jurisdiction or specific jurisdiction.

A. General Jurisdiction

General jurisdiction exists when a nonresident defendant is domiciled in the forum state or his activities in the forum are “substantial” or “continuous and systematic.” *Panavision*, 141 F.3d at 1320. To determine whether a nonresident defendant’s contacts are sufficiently substantial or continuous and systematic, a court must consider their “longevity, continuity, volume, economic impact, physical presence, and integration into the state’s regulatory or economic markets.” *Mavrix Photo, Inc. v. Brand Techs., Inc.*, 647 F.3d 1218, 1224 (9th Cir. 2011) (citations and internal quotation marks omitted).

Here, Facebook does not argue that the Court has general personal jurisdiction over defendants and alleges no facts to establish that defendants’ contacts with California are substantial or continuous and systematic. Facebook alleges only that Pedersen is an individual residing in Norway doing business as Faceporn.com, that Retro Invent is a private limited company residing in Norway doing business as Faceporn.com, and that defendants aimed their tortious conduct at Facebook by registering a “.com” domain name. Am. Compl. ¶¶ 3, 4; Facebook’s Mot. at 18. These allegations alone are insufficient to establish that general personal jurisdiction over defendants exists.

B. Specific Jurisdiction

When the nonresident defendant’s contacts with the forum are insufficiently pervasive to

subject him to general personal jurisdiction, the court must ask whether the “nature and quality” of his contacts are sufficient to exercise specific personal jurisdiction over him. *Data Disc, Inc. v. Sys. Tech. Assoc., Inc.*, 557 F.2d 1280, 1287 (9th Cir. 1977). A court may exercise specific personal jurisdiction over a nonresident defendant if (1) the nonresident defendant purposefully directs his activities at the forum or performs some act by which he purposefully avails himself of the privilege of conducting activities in the forum, thereby invoking the benefits and protections of its laws; (2) the plaintiff’s claim arises out of the forum-related activities of the nonresident defendant; and (3) the exercise of jurisdiction over the nonresident defendant is reasonable. *Schwarzenegger v. Fred Martin Motor Co.*, 374 F.3d 797, 802 (9th Cir. 2004). The plaintiff bears the burden of satisfying the first two of these three elements; if the plaintiff fails to establish either of them, specific personal jurisdiction over the nonresident defendant is improper. *Id.* (citations omitted). If the plaintiff satisfies the first two elements, the burden then shifts to the defendant to “present a compelling case” that the exercise of jurisdiction would not be reasonable. *Id.* (citations and internal quotation marks omitted).

Here, Facebook alleges that personal jurisdiction over defendants is founded on specific jurisdiction. Facebook’s Mot. at 16. As will be shown below, however, the exercise of specific personal jurisdiction over defendants is unjustified, as Facebook has failed to satisfy the first element of the Ninth Circuit’s test for specific personal jurisdiction. That is, Facebook has failed to show that defendants purposefully directed their activities at California.

1. Purposeful Direction under *Calder*

To satisfy the purposeful-direction element in cases in which tortious conduct is alleged by the plaintiff, the Ninth Circuit requires that the actions of the nonresident defendant be purposefully directed at the forum based on an “effects test that focuses on the forum in which the defendant’s actions were felt, whether or not the actions occurred within the forum.” *Mavrix Photo*, 647 F.3d at 1228 (9th Cir. 2011) (citations and internal quotation marks omitted). This “effects test,” which is based on the Supreme Court’s decision in *Calder v. Jones*, 465 U.S. 783 (1984), requires that the nonresident defendant (1) commit an intentional act, (2) that was expressly aimed at the forum state, and (3) that caused harm that the nonresident defendant knew

1 would likely be suffered in the forum state. *Id.* Unless the plaintiff establishes all three of the
 2 *Calder* elements, the purposeful-direction element is unsatisfied.

3 Here, Facebook alleges purposeful direction under the *Calder* effects test. Facebook's
 4 Resp. to OSC at 2. The Court finds that the *Calder* effects test is the proper framework for
 5 analyzing the exercise of specific personal jurisdiction over defendants, because Facebook
 6 alleges trademark dilution and infringement, both of which are tort-like causes of action. *See*
 7 *Panavision*, 141 F.3d at 1321 (finding that a case in which the plaintiff alleges trademark
 8 infringement and dilution is "akin to a tort case"). Facebook, however, has failed to establish the
 9 second of the *Calder* elements, and therefore, the purposeful-direction element is unsatisfied
 10 here.

11 **a. Intentional Act**

12 The Court finds that the first element of the *Calder* effects test is satisfied here, because
 13 defendants acted intentionally in registering the internet domains www.faceporn.com,
 14 www.faceporn.net, and www.faceporn.org and in operating the Faceporn website through those
 15 domains, the contents of which allegedly infringe Facebook's registered marks. Am. Compl. ¶
 16 64; Facebook's Mot. at 22.

17 **b. Express Aiming**

18 The Court is unconvinced that defendants' conduct meets the second element of the
 19 *Calder* effects test, which requires a showing that defendants' acts were expressly aimed at
 20 California.

21 To find that a nonresident defendant expressly aimed his conduct at the forum, the Ninth
 22 Circuit requires "something more" than "simply registering someone else's trademark as a
 23 domain name and posting a web site on the Internet." *Panavision*, 141 F.3d at 1322. The
 24 "something more" that the Ninth Circuit requires is "conduct directly targeting the forum," such
 25 as running a website that appeals to, and profits from, an audience in the forum. *Mavrix Photo*,
 26 647 F.3d at 1229-30 (finding that when the nonresident defendant purposefully operated a
 27 website whose content infringed the plaintiff's copyrights, the "something more" requirement
 28 was met because the website contained advertisements directed specifically at the forum and the

1 forum's audience was an "integral component" of the defendant's "business model" and
 2 "profitability"); *see also Panavision*, 141 F.3d at 1322 (finding that when the nonresident
 3 defendant purposefully registered the plaintiff's trademarks as his domain names, the "something
 4 more" requirement was met because the purpose of the defendant's conduct was to extort money
 5 from the plaintiff); *Rio Props., Inc. v. Rio Int'l Interlink*, 284 F.3d 1007, 1020 (9th Cir. 2002)
 6 (finding that when the nonresident defendant purposefully operated a website whose content
 7 infringed the plaintiff's trademarks, the "something more" requirement was met because the
 8 defendant ran a for-profit marketing campaign in the forum).

9 In the order to show cause the Court issued to Facebook, the Court noted that Facebook's
 10 factual allegations until that point did not meet the "something more" requirement because they
 11 did not establish that Faceporn's users in California were an integral component of Faceporn's
 12 *business model and profitability*. OSC at 3 (emphasis added). Facebook has failed to cure this
 13 deficiency, because in its response to the order to show cause, Facebook does not provide any
 14 additional factual allegations with respect to Faceporn's users in California or Faceporn's
 15 business model.

16 Instead, Facebook argues that defendants' conduct satisfies the express-aiming element of
 17 the *Calder* effects test because defendants "intended to target Facebook" by "offering a
 18 pornographic version of Facebook" and by "competing with Facebook." Facebook's Resp. to
 19 OSC at 2-3. Specifically, Facebook claims that defendants "copied elements of the Facebook site
 20 to make the Faceporn site both visually and functionally similar to Facebook," used "a similar
 21 layout and color scheme to that of Facebook," and used "Facebook's wall trademark in the same
 22 manner it was used by Facebook." *Id.* at 2. Facebook relies primarily on three cases to support
 23 this argument: *Brayton Purcell*, *Bear Mill*, and *Nissan*. *Id.* at 2-3. Facebook claims that these
 24 cases hold that a plaintiff can establish that a nonresident defendant expressly aimed his conduct
 25 at the forum by illegally copying elements of the plaintiff's website for the purpose of competing
 26 with the plaintiff. The Court, however, finds that these cases are inapplicable to the facts here
 27 and therefore do not lend support to the exercise of specific personal jurisdiction over
 28 defendants.

1 The first case relied upon by Facebook is *Brayton Purcell LLP v. Recordon & Recordon*,
 2 606 F.3d 1124 (9th Cir. 2010). Brayton Purcell, a law firm specializing in elder law in Northern
 3 California, brought a suit for copyright infringement against Recordon, a law firm in Southern
 4 California, for allegedly posting on its website content on elder abuse law that was posted on
 5 Brayton Purcell's website and was copyrighted by Brayton Purcell. 606 F.3d at 1126-27. The
 6 Ninth Circuit found that Recordon's conduct met the express-aiming element of the *Calder*
 7 effects test because Recordon, the nonresident defendant, "individually targeted" Brayton Purcell
 8 and "entered direct competition with Brayton Purcell" by making "commercial use of Brayton
 9 Purcell's copyrighted material for the purpose of competing with Brayton Purcell for elder abuse
 10 clients." *Id.* at 1130, 1132.

11 *Brayton Purcell* is distinguishable from this case in one key respect. In *Brayton Purcell*,
 12 the Ninth Circuit found that the defendant individually targeted the plaintiff, and therefore the
 13 forum, because the parties were "in direct competition for elder abuse clients," meaning that both
 14 parties sought the business of the same set of potential customers. *Id.* at 1130. Here, it is
 15 unlikely that a substantial overlap exists in terms of the users sought by Facebook and Faceporn.
 16 Facebook admits that defendants present Faceporn "as a social networking site *for those with a*
 17 *specific interest in pornographic content*," but it adds that Faceporn also "offers social
 18 networking services and functionality similar to that provided by Facebook." Facebook's Resp.
 19 to OSC at 4 (emphasis added). Despite the alleged similarities between Facebook and Faceporn,
 20 the Court finds as untenable the notion that Facebook, a "provider of online networking services"
 21 to hundreds of millions of users around the world, competes for exactly the same users as
 22 Faceporn, which, according to Facebook's complaint, features "highly graphic and sexually
 23 explicit images" and describes itself as "the number one socializing porn and sex network!" Am.
 24 Compl. ¶¶ 9, 20, 22. This lack of direct competition for the same set of potential users is what
 25 prevents Facebook from convincingly establishing that defendants individually targeted
 26 Facebook's business and thus expressly aimed their conduct at California under *Brayton Purcell*.

27 The second case is *Bear Mill, Inc. v. Teddy Mountain, Inc.*, No. 2:07-cv-492, 2008 WL
 28 2323483 (D. Idaho May 7, 2008). The Bear Mill, a seller of stuffed animals in Idaho, brought an

1 action for trademark infringement against Teddy Mountain, a seller of stuffed animals in Canada,
 2 for allegedly making unauthorized references on its website to various products and designs
 3 trademarked by The Bear Mill. *Id.* at *1. The court found that Teddy Mountain, the nonresident
 4 defendant, had expressly aimed its conduct at the forum because it was “undisputed that [the
 5 parties] are competitors” and because Teddy Mountain had “actual knowledge” that The Bear
 6 Mill’s principal place of business was in Idaho, the forum. *Id.* at *6.

7 *Bear Mill* is inapposite to this case for the same reasons *Brayton Purcell* is inapposite to
 8 this case. Here, it is not “undisputed” that Facebook and Faceporn are direct competitors, as
 9 there is no record that their users are likely to overlap in the same way that the stuffed-animal-
 10 seeking potential customers of Bear Mill and Teddy Mountain would overlap. Accordingly, the
 11 Court is unconvinced that this case lends support to Facebook’s argument that defendants’
 12 conduct meets the express-aiming element of the *Calder* effects test, even when assuming that
 13 defendants knew that Facebook’s principal place of business was in California. *See* Facebook’s
 14 Resp. to OSC at 4 (“defendants knew Facebook was a U.S. and California company”).

15 The third case is *Nissan Motor Co. v. Nissan Computer Corp.*, 89 F. Supp. 2d 1154 (C.D.
 16 Cal. 2000). Nissan Motor, a Japanese automaker with a subsidiary located in California, brought
 17 an action for trademark infringement against Nissan Computer, a seller of computers in North
 18 Carolina, for allegedly registering nissan.com and nissan.net and posting car-related content on
 19 those sites, including advertisements. *Id.* at 1157. The court found that Nissan Computer’s
 20 conduct was expressly aimed at the forum because Nissan Computer, the nonresident defendant,
 21 “intentionally” posted car-related advertisements on its website to “profit[] from consumer
 22 confusion” at Nissan Motor’s expense by diverting Nissan Motor’s “potential customers.” *Id.* at
 23 1160.

24 *Nissan* also is distinguishable from this case, because here, Facebook has not alleged any
 25 facts that support the notion that defendants have garnered any revenue from their operation of
 26 Faceporn at Facebook’s expense or that Faceporn has diverted any of Facebook’s potential
 27 customers. Instead, Facebook states conclusorily that defendants operate Faceporn “with a bad
 28 faith intent to profit” from Facebook’s marks, but it alleges no facts to suggest that Faceporn has

1 profited at all at Facebook's expense. Am. Compl. ¶ 67. Similarly, Facebook states conclusorily
 2 that Faceporn's operations are "likely" to cause consumer confusion and that elements on
 3 Faceporn's website are "confusingly similar" to those on Facebook's website, but it does not put
 4 forth factual allegations that suggest that confusion actually has occurred or that any of
 5 Facebook's potential customers have been sidetracked to Faceporn's website as a result of
 6 defendants' conduct. Am. Compl. ¶¶ 42, 45. Accordingly, *Nissan* does not support Facebook's
 7 arguments in favor of exercising personal jurisdiction over defendants.

8 **c. Harm**

9 The Court finds that the third element of the *Calder* test is met here, because defendants
 10 likely knew that any harm suffered by Facebook would be suffered in California, as Facebook's
 11 principal place of business is in California. Am. Compl. ¶ 2.

12 **2. Forum-Related Activities and Reasonableness**

13 Because Facebook has failed to establish the first element of the test for specific personal
 14 jurisdiction, the Court need not inquire into whether Facebook has met the second or third
 15 elements of that test, which require respectively that the plaintiff's claim arise out of the
 16 forum-related activities of the nonresident defendant, and that the exercise of jurisdiction over
 17 the nonresident defendant be reasonable.

18 **IV. CONCLUSION**

19 Because Facebook has failed show that defendants' conduct meets the express-aiming
 20 element of the *Calder* effects test, which is required to establish the first element of the Ninth
 21 Circuit's test for the exercise of specific personal jurisdiction, the Court lacks personal
 22 jurisdiction over defendants. Accordingly, this Court recommends that the District Court deny
 23 Facebook's motion for default judgment and that it dismiss this action for lack of personal
 24 jurisdiction. Facebook may file objections to this report and recommendation under Federal Rule
 25 of Civil Procedure 72(b) within fourteen days of the date this order is filed.

26 IT IS SO ORDERED.

27 DATED: March 2, 2012

28 
 NATHANAEL M. COUSINS
 United States Magistrate Judge